The Court

NORTHERN DISTRICT COURT FILED-ED4 NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION 01 JAN 12 PH 4: 37

)		U.S. DISTRICT COURT
)	cO1C	0272
)	Judge	
)		JUDGE CONLON
)		MAGISTRATE JUDGE GERALDINE SOAT BROWN
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COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF

For its Complaint for Damages and Injunctive Relief, plaintiff NEP Operating, LLC, by undersigned counsel, alleges as follows:

1. This action arises out of defendants' wrongful termination of gasoline franchises in Illinois and other states, in violation of the Petroleum Marketing Practices Act, 28 U.S.C. § 2801 et. seq., (the "PMPA") and other wrongful practices, including conversion and tortious interference, in violation of the PMPA and common law.

PARTIES

- 2. Plaintiff, NEP Operating LLC ("NEPO"), is an Illinois limited liability company with its principal place of business in Illinois.
- 3. On information and belief, defendant National Petroleum, Inc. ("National") is a Wisconsin corporation with its principal place of business in Kenosha, Wisconsin. On further information and belief, National is a franchisor within the meaning of the PMPA.

- 4. On information and belief, defendant Petrol Properties, LLC ("Petrol") is a Wisconsin limited liability company with its principal place of business in Kenosha, Wisconsin. On further information and belief, Petrol is a franchisor within the meaning of the PMPA, and the owner and/or sublessor of gasoline stations in Illinois, Wisconsin, Indiana and Michigan.
- 5. On information and belief, the principal owner of both Petrol and National is Dr. Yogi Bhardwaj, and the two companies are closely related by ownership and otherwise.

JURISDICTION AND VENUE

6. Jurisdiction over this matter arises under 28 U.S.C. § 1331 and under the provisions of the Petroleum Marketing Practices Act, 15 U.S.C. § 2801, et. seq. Venue is proper in this district because a substantial part of the events or omissions giving rise to the claim took place in this district, and a substantial percentage of the gasoline properties at issue in this action are situated here.

GENERAL ALLEGATIONS

- 7. On or about October 31, 2000, defendant National entered into a ten-year Petroleum Product Supply Agreement (the "Supply Agreement") with plaintiff NEPO. Under the terms of the Supply Agreement, "unless either party gives the other party written notice not to extend this Agreement not less than thirty (30) and not more than ninety (90) prior to the expiration of the initial term, this Agreement shall be extended for an additional term of ten (10) years on the same terms and conditions." A copy of the Supply Agreement is attached as Exhibit A. On information and belief, the Supply Agreement is a franchise agreement within the meaning of the PMPA.
- 8. Further, under the terms of the Supply Agreement, National agreed to erect appropriate signage at various gas stations covered by the Agreement, to sell petroleum to NEPO in accordance with the terms of such Agreement, and granted NEPO certain other rights associated with

the operation of gasoline stations. In turn, NEPO agreed to operate certain gasoline stations in accordance with the Agreement.

- 9. In accordance with paragraph 23 of the Supply Agreement, all notices "must be in writing and in compliance with the PMPA and other applicable Law." The Supply Agreement was drafted exclusively by or for National.
- 10. On or about October 31, 2000, Petrol and NEPO entered into an Operating Agreement under which NEPO agreed to operated about sixty gasoline stations located in Illinois, Indiana, Wisconsin and Michigan that are owned by Petrol.
- 11. On or about October 31, 2000, Petrol and NEPO also entered into a Sublease and Operating Agreement under which NEPO agreed, as sublessee, to operate another eight gasoline stations located in Wisconsin that are subleased by Petrol from another party.
- 12. Collectively, the Supply Agreement, Operating Agreement and Sublease Operating Agreement are referred to herein as "the Agreements."
- 12. In connection with its operation of the dealerships at issue, NEPO has separate agreements with the various operators at each location. On information and belief, and in violation of the Agreements:
 - a. National started contacting such dealers directly over the past two weeks;
- b. Defendants wrongfully attempted to established a selling relationship with the majority of the dealers.
- c. Defendants attempted to get the dealers to breach their separate agreements with NEPO by telling them that they would not receive gasoline unless they paid cash for the gasoline loads. Defendants further instructed them to price their own accounts and not to agree to our pricing arrangement.

d. Defendants have instructed the dealers that they need to sign new agreements with National immediately.

- e. National has refused to supply dealers unless paid for by cash.
- f. National office has threatened to fire employees of various locations if they did not deposit daily cash in his accounts, and not to use NEPO's accounts.
- g. National employees have gone to NEPO franchise locations and removed keys for the facility (e.g., in Racine and 6 other locations) and, on information and belief, has tried to the same with all others.
- h. National has sent payroll employment kits to all company owned locations in order to "hire" over two hundred of NEPO's employees.
- 13. NEPO wired \$130,000 to National on Tuesday, January 9, 2000, for prepayment of gasoline to dealer accounts on the promise that National would deliver gas to all dealer accounts. However, no gasoline was delivered, thereby endangering NEPO's relationship with its dealers.
- 14. On information and belief, and in violation of the PMPA and the dealer agreements, National has wrongfully set up meeting for Saturday, January 13, 2000, to set up lines of credit with the dealers supply them with gasoline.
- 15. On information and belief, defendants, through their principal and others, have contacted two of NEPO's field supervisors in an attempt to break NEPO's employment agreements and join National. Defendants have repeatedly made those phone calls as late as the date of this filing.
- 16. NEPO is the licensee and permit holder for all company stores for gasoline, lottery, alcohol driveway, etc. On information and belief, defendants have instructed the sites not to allow NEPO personnel to enter the property or to take any documents, etc. from the locations and to call

legal authorities if NEPO attempts to do so. Hence, several NEPOr employees feel they are being harassed and therefore have resigned their positions.

- 17. On information and belief, on the morning of this filing, National instructed the haulers that the gasoline needed to be siphoned from the tanks of our locations due to contamination. At least five locations are involved. National has tried to go to several other locations but NEPO has instructed its sites that there is not contamination and not to allow these efforts. However, there remains a grave risk that Defendants will be successful in siphoning additional gasoline.
- 18. On information and belief, National converted NEPO company inventory to National own use by sweeping NEPO's accounts of gas proceeds.

COUNT I

(Wrongful Termination Under the Petroleum Marketing Practices Act)

- 19. Plaintiff reasserts and realleges paragraphs 1-18.
- 20. The Petroluem Marketing Practices Act provides:
- [N]o franchisor engaged in the sale, consignment, or distribution of motor fuel in commerce may--
- (1) terminate any franchise (entered into or renewed on or after the date of enactment of this Act [enacted June 19, 1978]) prior to the conclusion of the term, or the expiration date, stated in the franchise; or
 - (2) fail to renew any franchise relationship (without regard to the date on which the relevant franchise was entered into or renewed).

- 21. Defendants wrongfully terminated their franchise agreements with plaintiff by taking the actions set forth above.
- 22. As a result of defendants' wrongful termination, NEP has suffered damages including, but not limited to, business lost by virtue of defendants' wrongful acts.

COUNT II

(Breach of Contract)

- 23. Plaintiff reasserts and realleges paragraphs 1-18.
- 24. Defendants actions constitute material breaches of the Petroleum Product Supply Agreement, the Sublease and Operating Agreement and the Operating Agreement.
- 25. NEP has performed all conditions on its part to be performed under the Petroleum Product Supply Agreement, the Sublease and Operating Agreement and the Operating Agreement.
- 26. As a result of defendants' breaches, NEPO has suffered damages including, but not limited to, business lost by virtue of defendants' wrongful acts identified above.

COUNT III (Tortious Interference With Contract)

- 27. Plaintiff reasserts and realleges paragraphs 1-18.
- 28. The Petroleum Product Supply Agreement and the Sublease and Operating Agreement are valid and enforceable contracts between plaintiff and defendants. The agreements between NEPO and its dealers are also enforceable agreements.
- 29. These acts constitute defendants' intentional and unjustified inducement of a breach of the contract; (4) a subsequent breach by the other, caused by the defendant's wrongful conduct; and (5) damages.

30. Defendants exercise of seriously and substantially interferes with NEP's right to use and and control over its relationships with the dealers.

WHEREFORE, plaintiff NEP Operating LLC respectfully requests that this Court enter a temporary, preliminary and permanent injunction against the wrongful practices alleged above, that it further grant judgment in its favor and against defendants in an amount to be determined at trial, and that it further awards plaintiff its costs and attorneys' fees in bringing this action.

Respectfully submitted,

NEP OPERATING LLC

By:

One of Plaintiffs' Attorneys

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EXHIBIT A

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PETROLEUM PRODUCT SUPPLY AGREEMENT

Supply agreement made as of October 31, 2000, between NATIONAL PETROLEUM, INC., with an office located at 6621-39th Avenue, Kenosha, WI 53142 hereinafter called "Seller", and NEP Operating LLC with an office located at 22 S. Washington Ave. in Park Ridge, Illinois hereinafter called "Retailer":

- 1. DEFINITIONS. As used in this Agreement, the terms below have the following meanings, whether singular or plural:
- (x) "Alternation" Any addition, modification, removal or replacement of any building, improvement or equipment at Retailer's Station.
- (b) "Business Entity" Any legal entity that is not an individual or solve proprietorship, including, without limitation, a partnership, corporation, limited liability company, limited liability partnership, or association.
- (c) "Identifications" The trademarks, trade dress, service marks, and color schemes of the brand designated in PART I and licensed to Retailer by Seller for use by Retailer at Retailer's Station in connection with the resale of Products under the terms of this Agreement.
- (d) "Law" Any applicable constitution, statute, ordinance, regulation, rule, administrative order, or other requirement of any federal, state, or local government agency or authority in effect at the time of execution, or during the term, of this Agreement.
- (e) "Products" The gasoline and diesel sold to Retailer by Seller for resale under the brand Identification designed by Seller.
- (f) "Plant" The distributing plant from which deliveries of Products are made to
- (g) "PMPA" The Petroleum Marketing Practices Act as may be amended from time to time (15 U.S.C. §2801 et seq.).
- (h) "Retailer's Station" The motor fuel dispensing station or stations or automobile service station or stations, as the case may be, and associated facilities located at the address or addresses identified in Exhibit A incorporated by reference and operated by Retailer under this Agreement.

PURCHASE AND SALE OF PRODUCTS.

Seller shall sell and deliver to Remiler and Remiler shall purchase and accept from Seller the minimum quantities of Products during each calendar month as identified in the Attached Exhibit B incorporated by reference ("Minimum Quantities"). All Products for the locations in Exhibit A are to be purchased from Seller. Seller may, but is not obligated to, sell Retailer more than the Minimum Quantities. Seller may adjust the Minimum Quantities pursuant to any applicable Federal or state mandatory or voluntary allocation program or in accordance with Ardele 15 so long as the Retailer is allocated on the same basis as other retailers and the same as Seller's Company operated locations. If Retailer fails to purchase the Minimum Quantities, Seller may exercise Seller's right to terminate or nonrenewal of this Agreement under Article 3.



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TERM OF AGREEMENT; EXTENSION.

Unless sooner terminated under the terms of the Agreement, the initial term shall be for a term of ten (10) years from the date of this Agreement. Unless either party gives the other party written notice not to extend this Agreement not less than thirty (30) and not more than ninety (90) days prior to the expiration of the initial term, this Agreement shall be extended for an additional term of ten (10) years upon the same terms and conditions.

4. PRICES AND TERMS OF PAYMENT.

- (a) Retailer shall pay Seller for the Products at the price in effect at the time loading commences at the Plant for the place of delivery. Retailer may ascertain Seller's current prices at Seller's current prices at Seller's Exhibit C incorporated by reference.
- (b) Retailer shall pay for the Products sold to Retailer seven days from date of delivery or extended to 10 days upon posting an acceptable \$700,000 letter of credit. Seller may require the use of Electronic Funds Transfer (EFT) systems, or other mutually acceptable methods selected by Seller from time to time. If Seller elects to extend credit to Retailer, Retainer shall comply with Seller's credit terms in effect from time to time, any of which may be altered or revoked by Seller without prior notifications to Retailer. Retailer shall provide any written authorizations required for EFT purposes. In the event Retailer shall fail to pay for the Products in accordance with Seller's payment terms, Seller, among other remedies, may suspend or terminate deliveries of the Products to Retailer. Upon Seller's request, Retailer shall provide Seller with information and documents relating to Retailer's financial condition and creditworthiness.
- (c) Seller may assess a reasonable administrative fee upon Retailer for payments that are returned or rejected for lack of sufficient funds or for any other reason within Retailer's control. All overdue sums owed to Seller will bear interest at the maximum lawful rate per annum from the date due until paid. Without limiting the generality of the foregoing, Seller may setoff or equitably recomp against any amount then due Retailer, defer further deliveries of the Products until payment of all outstanding indebtedness is made, and demand advance cash payment for further deliveries. Retailer shall comply with the terms of any reclamation notice issued to Retailer by Seller under applicable law.
- 5. SELLER'S MARKETING RIGHTS. Provided such changes are mutually acceptable to Remiler and Seller, Seller may, from time to time: (a) change the Identification applicable to any Product and require Alterations in accordance therewith; (b) add, change, or modify the grade, brand name, delivery package, or other distinctive designation of any Product; (c) change or modify the formulations and specifications of any Productions; and (d) discontinue at any time the sale of any Product in which event the parties will be relieved of any further obligations with respect to that Product.

SIGNS; USE OF SELLER'S NAME.

building and at the street of usual and customary size for a Station of this type, for the purpose of advertising the brand of Product to be said by Seller to Retailer. Seller shall, at Retailer's expense, change signs if Seller changes the source of Product supply at Retailer's request. Retailer shall be responsible for fees and taxes for any taxing authority for the signs located at the site of the Station(s). All signage, including installation and use, shall be subject to all applicable governmental laws, regulations and ordinances.

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(b) Retailer shall not use, or have the right to use, the name "National Petroleum" or "Marathon" or any variant of such names, except as expressly authorized by Seller or Marathon Oil Company. National Energy Properties, NEP, NEP Operating (NEPO), or similar names are acceptable.

7. NO EXCLUSIVE TERRITORY. Nothing in this Agreement grants Retailer an exclusive territory to market and resell any Products. Seller reserves the right to market and sell, and authorize others to market and sell, Products in any manner Seller chooses, including through its own retail outlets or through designated wholesalers or other retailers.

8. DELIVERIES.

- All Products will be sold by Seller to Retailer F.O.B. destination (Retailer's Station or Stations). Unless otherwise subsequently agreed by the parties in writing, Seller shall be the exclusive transporter of the Products to Retailer under this Agreement, so long as Seller provides commercially competitive rates for such deliveries. In the event Retailer shall determine that it can obtain delivery charges, for the type, quantity and delivery times of Products, which are less than those charged by Seller, Retailer shall give notice thereof to Seller with proof or documentation of such lower delivery charges and Seller shall have the first right to match such delivery charges of the Products. Should Seller decide not to match the lower delivery charges, Retailer may arrange for the delivery of product at their expense, If not, Seller agrees to use the other delivery company.
- (b) For Products sold F.O.B. destination, title and risk of loss passes to Retailer when the Products pass the fill tube connection into Retailer's storage equipment as long as Seller delivers in accordance with applicable laws.
- (c) Seller may make deliveries of the Products to Retailer's Station or Stations by any means of transportation. Retailer shall allow shipments in transport trucks provided by Seller to be unloaded immediately upon arrival. Retailer shall pay for any time in excess of the free unloading time for contract or common carriers as identified in the contract or tariff. Retailer will be allowed one hour of free time for unloading trucks owned or operated by Seller after which Retailer shall pay \$25.00 per quarter hour until the shipment is unloaded so long as any delays are not due to actions of the Seller.
- (d) Seller is not obligated to make any delivery outside of its usual business hours (6:00 a.m. to 10:00 p.m. Monday through Sanurday, excepting national and state holidays) or in any quantity less than 7,800 gallons. Retailer shall pay for any redistribution charges if Retailer, without justification, fails to accept all of any delivery by Seller. Delivery is to be made only upon Retailer's request within 24 hours on a best efforts basis but in no case later than 48 hours. If delivery is to be made at times other than the above times, it is to be delivered only upon the consent of the Retailer.
- 9. INSPECTION AND AUDIT. Soller, its agents and representatives may enter Retailer's Station, at all reasonable times, to inspect the facilities, procedures, and materials being used in the sale of the Products, to obtain samples of an conduct tests on the Products, to inspect the books and records pertaining to the sale of Products, and to audit, observe, and otherwise verify Retailer's compliance with this Agreement.
- 10. TAXES. Retailer shall pay all federal, state, and local taxes, excises, duties, and other assessments and charges of any kind and nature, now or hereafter levied ("Taxes") assessed by any governmental authority relating to the importation, manufacture, sale, purchase, transportation, storage, resale, or use of the Products insofar as the same is not expressly included in the price for the Products or other products. If Retailer pays directly any tax normally remitted by Seller, Seller may require proof of



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payment of such changes from Relailer and may require Retailer to provide a bond or other form of security necessary to protect Seller against loss arising from nonpayment. Retailer shall furnish Seller with satisfactory tax exemption cartificates where an exemption is claimed.

11. WARRANTY AND DISCLAIMER SELLER WARRANTS THAT ALL PRODUCTS SOLD TO RETAILER WILL MEET SELLER'S THEN CURRENT SPECIFICATIONS AND ALL GOVERNMENTAL REGULATIONS AND REQUIREMENTS. SELLER MAKES NO OTHER WARRANTIES OF ANY KIND AS TO THE PRODUCTS SOLD TO RETAILER, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTLABILITY OR FITNES FOR A PARTICULAR PURPOSE.

12. CLAIMS.

- (a) Seller will not be liable to Retailer for any defect in quality or shortage in quantity of the Products unless: (1) Retailer gives Seller notice within 48 hours after delivery for shortages and within five (5) days after delivery for quality defects (or five (5) days after discovery if the defect is latent) and (2) Retailer provides Seller with 48 hours to inspect, take samples, and test the Products that are the subject of the claim.
- (b) Except as set forth in Article 16, Indemnity, or claims relating to indebtedness, Seller's equipment, or as otherwise specified in this Agreement, the parties will not be liable to each other for any other claim arising out of this Agreement unless the claimant provides the other party with notice of the claim (setting forth fully the facts on which the claim is based) within 180 days after the date on which the claim arose.
- 13. LIMITATION ON LIABILITY. Remiler's sole and exclusive remedy for any claim arising from or in connection with any alleged failure of or defect in any Products said by Seller to Retailer (whether the claim is for breach of contract or warranty or is under tore, strict liability, statute or otherwise) will be (a) at Seller's option, replacement of the failed, defective, or nonconforming Products or reimbursement of the purchase price thereof plus removal costs and actual damages, and (b) reimbursement of the reasonable cost of repair or replacement of any machanical equipment or parts that are damaged directly by use of such Products. In no event will either party be liable to the other for any indirect, special, incidental, consequential, or punitive damages arising under this Agreement whether under tors, contract, strict liability, warranty, statute, or otherwise.

14. COMPLIANCE WITH LAWS.

- (a) Retailer shall comply with all Laws relating to the Retailer's Station and the business conducted thereon, including, but not limited to, those pertaining to environmental protection, safety, and health matters.
- (b) Without limiting the generality of the foregoing, Retailer and fieller shall comply with all Laws, licenses, and permits relating to unleaded gazoline, oxygenzted gazoline, reformulated gazoline, Reid vapor pressure, fuel additives, and diesel fuel. Further, if Retailer owns or operates any UST system (as defined in applicable Laws), Retailer shall comply with all applicable Laws governing UST systems, including, but not limited to, financial responsibility requirements through mechanisms provided for in said Laws such as guarantees, surely bonds, and insurance.
- 15. EXCUSES FOR NONPERFORMANCE. Both parties will be excused from their obligations under this Agreement (except for financial obligations) to the extent that performance is



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delayed or prevanted by any of the following matters: circumstances reasonably beyond the parties' control; fire, explosion, ice storm, snowstorm, or earthquake; delay or loss of transportation or delivery equipment; mechanical breakdown; strikes or other labor trouble, plant shutdown, riots, or other civil disturbances.

16, INDEMNITY.

- (2) TO THE EXIENT PERMITTED BY LAW, RETAILER SHALL INDEMNIFY AND DEFEND SELLER, ITS MEMBERS, SUBSIDIARIES, AND AFFILIATES, AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS ("INDEMNIFIED PARTIES") AGAINST ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS, DAMAGES, JUDGMENTS, LIENS, PENALTIES, AND EXPENSES, INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND LITIGATION COSTS, WHETHER INCURRED FOR AN INDEMNIFIED PARTY'S PRIMARY DEFENSE OR FOR ENFORCEMENT OF ITS INDEMNIFICATION RIGHTS (COLLECTIVE, "CLAIM"), INCLUDING, WITHOUT LIMITATION, ANY CLAIM FOR HARM, INJURY, OR DEATH TO ANY PERSON, OR DAMAGE TO PROPERTY OR TO THE ENVIRONMENT ARISING OUT OF OR IN CONNECTION WITH ANY OF THE FOLLOWING MATTERS;
- (1) RETAILER'S PERFORMANCE OR NONPERFORMANCE UNDER THIS AGREEMENT;
- (2) ANY ACTION OR OMISSION OF RETAILER OR RETAILER'S EMPLOYEES, AGENTS, CONTRACTORS, ASSIGNS, OR THIRD PARTIES; AND
 - (3) THE OPERATION OF RETAILER'S BUSINESS.

RETAILER'S OBLIGATION TO INDEMNIFY AND DEFEND EXTENDS TO ANY CLAIM CAUSED BY THE CONCURRENT OR CONTRIBUTORY NEGLIGENCE OR FAULT OF AN INDEMNIFIED PARTY BUT NOT TO ANY CLAIM SHOWN BY FINAL NONAPPEALABLE JUDGMENT TO HAVE BEEN CAUSED BY THE INDEMNIFIED PARTY'S SOLE NEGLIGENCE OR NEGLIGENCE OF INDEMNIFIED PARTY AND A THIRD PARTY, OR ANY DEFECT IN THE PRODUCTS NOT CAUSED OR CONTRIBUTED TO BY ANY NEGLIGENCE OR FAULT OF RETAILER.

- (b) WITHIN 24 HOURS AFTER THE OCCURRENCE OF WHICH MAY RESULT IN A WRITTEN CLAIM, RETAILER SHALL REPORT THE SAME TO SELLER BY TELEPHONE AND SHALL PROMPTLY THEREAFTER CONFIRM THE SAME BY WRITTEN NOTICE, INCLUDING ALL CIRCUMSTANCES THEREOF KNOWN TO RETAILER OR RETAILER'S EMPLOYEES.
- EXPENSE, RETAILER SHALL INVESTIGATE, RESPOND TO, AND DEFEND ANY CLAIM ASSERTED AGAINST ANY INDEMNIFIED PARTY, INCLUDING, WITHOUT LIMITATION, ANY CLAIM ALLEGING THE INDEMNIFIED PARTY'S SOLE NEGLIGENCE. THE INDEMNIFIED PARTY MAY PARTICIPATE IN THE DEFENSE AND SETTLEMENT OF ANY CLAIM OR LITIGATION WITH ATTORNEYS OF THE INDEMNIFIED PARTY'S SELECTION WITHOUT RELIEVING RETAILER OF ANY OBLIGATIONS UNDER THIS ARTICLE; PROVIDED, HOWEVER, THE INDEMNIFIED PARTY SHALL BE RESPONSIBLE FOR ITS OWN ATTORNEY'S FEES. SELLER SHALL REIMBURSE RETAILER FOR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT AND REASONABLE DEFENSE COSTS



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PAID BY RETAILER WHICH REPRESENTS THE INDEMNIFIED PARTY'S TOTAL LIABILITY FOUND BY FINAL NONAPPEALABLE JUDGMENT OR SETTLEMENT TO HAVE BEEN CAUSED BY THE INDEMNIFIED PARTY'S SOLE NEGLIGENCE OR NEGLIGENCE OF INDEMNIFIED FARTY AND A THIRD PARTY, OR PRODUCT DEFECT AS SPECIFIED ABOVE.

- (d) THE INSURANCE REQUIREMENTS OF ARTICLE 17 DO NOT LIMIT OR RESTRICT IN ANY WAY RETAILER'S OBLIGATIONS UNDER THIS ARTICLE.
- (e) RETAILER'S OBLIGATIONS UNDER THIS ARTICLE SURVIVE TERMINATION OR NONRENEWAL OF THIS AGREEMENT.

17. INSURANCE.

- (a) Recaller shall maintain, at its sole cost, at all times during the term of this Agreement, the following insurance coverage with providers satisfactory to Saller with limits not less than those limits below (the "Insurance"):
- General Liability Insurance with Broad Form CGL endorsement with limits of \$1,000,000 each occurrence and \$1,000,000 general aggregate, with Fire Legal Liability limits of \$300,000 each occurrence. Retailers owning or operating up to and including three locations are subject to the minimum limits above. Retailers owning or operating four and five locations shall amend their policy aggregate to \$3,000,000. Retailers owning or operating six or more locations shall amend their policy aggregate to \$5,000,000. In lice of amending aggregate limits as described in this Article, endorsement CG 25 04 amending aggregate limits per location may be utilized when applied to the above-described minimum limits. Limits in excess of \$1,000,000 may be provided by Excess Liability or Umbrella Liability coverage. Blanket coverage with the above limits is acceptable.
- (2) Workers' Compensation Insurance as required by Laws and regulations applicable to and covering employees of Retailer during the term of this Agreement.
- presence or release at the Station(s) or adjoining real estate of any hazardous substances, including spills, leakage or release of petroleum products. This insurance shall be in amounts, with terms and from an insurer acceptable to Seller.
- (b) Retailer shall assure that the Insurance policies provide a waiver of subrogation in favor of Seller where permissible by Law, and provide for written notice of cancellation or material change. Notice of cancellation or change will not affect the Insurance until 30 days after Seller receives written notice. Any deductible or retention of insurable risks will be the Retailer's account.
- (c) Retailsr shall assure the Insurance required in this Article and such certificate evidencing the Insurance issued to Retailer names Seller and its members, subsidiaries, affiliates and joint venture partners, to the extent of their interest, as additional insureds, without regard to the allocation of liability provisions contained in this Agreement, to the extent of any claim, loss or liability within the scope of the required Insurance. The parties intend that, to the extent of their interest, the status of Seller and its members, subsidiaries, and affiliates as additional insureds will not be limited..
- (d) Within 30 days after the execution of this Agreement and during the term of this Agreement, Retailer shall provide Seller with a certificate of Insurance evidencing Retailer's compliance

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with Seller's Insurance requirements. Retailer's failure to provide certificates evidencing the requirements or purchase insurance coverage in compliance with this Article will not relieve Retailer of its obligations in this Article.

18. RIGHT OF FIRST REFUSAL. Retailer may not transfer any of Retailer's interest in this Agreement without first offering, in writing, to transfer the same to Seller or its designee on terms and conditions which are the same as those of the proposed transfer to 2 third party ("Transferee"). Seller will have 30 days after receipt of the offer and 2 complete and exact copy of the Transferee offer to accept or reject the offer. If Seller rejects the offer, Retailer may make the proposed transfer to the Transferee, but not at a lower price or on more favorable terms than those offered to Seller. If the transfer to the Transferee is not consummated within four months from the expiration of the 30-day period, Retailer shall re-offer the interest to Seller in accordance with the foregoing provisions.

19. TERMINATION OR NONRENEWAL,

- (a) Termination by Seller. Subject to any limitations imposed by Law and the provisions of Article 15 of this Agreement, and in addition to all other rights or remedies available, Seller may terminate this Agreement for any of the following grounds.
- (1) Retailer's failure to comply with any material provision of this Agreement, which breach continues for a period of 15 days after written notice to Retailer by Seller,
- this Agreement and as a result of which termination of this Agreement is reasonable, including without limitation, the following events:
- insolvency; (i) Retailer's declaration of bankruptcy or judicial determination of
- Repailer's Station pursuant to the power of eminent domain;
- Retailer's Station, but not if Retailer timely rebuilds;
- (iv) Retailer's failure to pay to Seller in a timely manner when due
- Seller's branded gasoline and, if applicable, branded diesel fuel, or Retsiler's failure to operate Retailer's failure to operate Retailer's consecutive days, or such lesser period which under the facts and circumstances constitutes an unreasonable period of time:
- (vi) Retailer's willful adulteration, mislabeling, or misbranding of motor fuels or other trademark violations;
- the operation of Retailer's Station. (vii) Retailer's knowing failure to comply with the Laws relevant to
- under Article 17. (viii) Retailer's failure to comply with the Insurance requirements



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(b) <u>Termination by Retailer</u>. Subject to any limitations imposed by Law and the provisions of Article 15 of this Agreement, and in addition to all other rights or remedies available, Retailer may terminate this Agreement for any Seller's failure to comply with any material provision of this Agreement, which breach continues for a period of 15 days after written notice to Retailer by Seller,

- 20. IIQUIDATED DAMAGES. In the event of a breach of this Agreement by Retailer. Retailer agrees that it shall be liable for liquidated damages in the amount of \$0.0225 per gallon of Products for the remainder of the unexpired initial or renewal term for the (a) average number of gallons of Products during the six (6) month period immediately prior to that breach, or (b) the Minimum Quantities stated in Exhibit B to this Agreement, whichever is greater. Retailer acknowledges that Seller will sustain substantial damages in the event of breach of this Agreement by Retailer and that the amount of such damages would be difficult or impossible to ascertain or measure. Retailer further acknowledges that the amount of liquidated damages as provided in this Agreement is reasonable and expressly waives any right to claim that those liquidated damages are excessive.
- 21. INJUNCTIVE RELIEF. Retailer acknowledges that Seller is relying upon this Agreement, and the Minimum Quantities of Products to be purchased by Retailer under this Agreement, in negotiating supply agreements with Seller's suppliers. In the event of an attempted transfer of this Agreement by Retailer, voluntary or by operation of law, without the prior written consent of Seller, or in the event Retailer shall breach, or threaten to breach, this Agreement by procuring the Products from a supplier other than Seller, among other remedies available to Seller, Seller may secure injunctive relief from a court of competent jurisdiction restraining such breach or threatened breach of this Agreement. Retailer acknowledges that Seller's remedies at law may be inadequate or fail to fully remedy the losses to Seller and therefore expressly authorizes Seller to procure injunctive relief in the event of such breach or threatened breach of this Agreement.
- 22. INDEPENDENT CONTRACTOR. Retailer is an independent contractor and Seller has not right to exercise control or direction over any aspect of the Retailer's business or the operations conducted at Retailer's Station, including, but not limited to, the prices at which Retailer tells its products. Nothing in this Agreement is intended to interfere with or diminish Retailer's complete control over and sole responsibility for the health, safety, and security matters at Retailer's Station. This Agreement does not establish any partnership, joint venture, employment, or agency between the parties or Retailer's employers or agents.

23. NOTICES.

- (a) All notices must be in writing and in compliance with the PMPA and other applicable Law. Subject to any requirements of Law, any notice may be given to Retailer by personal service or to either party by certified mail, regular mail, telegram, facsimile, mailgram, or overnight or local courier. Notice will be deemed given when: (1) deposited in the U.S. Mail, postage or changes prepaid and directed to the party for whom intended at the address in this Agreement or such other address as directed by the party upon written notice to the other if given by certified mail or regular mail; (2) deposited with the dispatching agency, postage or charges pre-paid and directed to the party for whom intended at the address in this Agreement or such other address as directed by the party upon written notice to the other if given by telegram, mailgram or overnight or local courier; or (3) confirmation is received by the sending party if given by facsimils.
- (b) Seller may give notice to: (1) the key management person of Retailer, or (2) any officer or director of a corporation or limited liability company; (3) any partner of a partnership or limited liability partnership; or (4) any personal representative, agent, or employee of any other business entity.



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24. ATTORNEY'S FEES. Seller will be entitled to recover from Remiler reasonable anomey's fees and other legal costs Seller incurs in order to secure or protect the rights intuing to Seller under this Agreement, or to enforce the terms thereof.

Remiler will be enrished to recover from Seller reasonable attorney's fees and other legal costs Retailer incurs in order to secure or protect the rights inuring to Retailer under this Agreement, or to enforce the terms thereof.

25. ASSIGNMENT. This Agreement may be assigned by Retailer with the prior written consent of Seller, which consent shall not be unreasonably withheld.

26. GENERAL PROVISIONS.

- (a) This Agreement cancels and supersedes all prior and contemporaneous representations, inducements, agreements, commitments, and undertakings with respect to the subject matter of this Agreement.
- (b) Except as expressly provided under this Agreement, this Agreement may be amended or supplemented only in writing signed by both parties.
- (c) Any waiver of any provision of this Agreement must be in writing signed by the parties. Either party's delay or failure to enforce any provision of this Agreement or any course of dealing or trade custom or usage will not operate as a waiver of compliance with that provision or a waiver or estoppal of the party's right to enforce any other provision of this Agreement.
- (d) The provisions of this Agreement are severable. If any provision of this Agreement is, for any reason, invalid or unenforceable, the remaining provisions of this Agreement are valid and enforceable if the basic intent of the parties is still capable of being achieved.
- (e) Except as provided in Article 25, this Agreement is binding upon and enforceable against the parties' respective successors, permitted assigns, legal representatives, executors, administrators, heirs, and legatees.
- (f) Neither this Agreement nor any subsequent agreement amending or supplementing this Agreement is binding unless a duly authorized representative of Seller and Retailer signs the Agreement, amendment, or supplement.

In Witness Whereof, the parties have executed this Agreement by their duly authorized officer, member, manager, or partner, as of the date above stated.



Case: 1:01-cv-00272 Document #: 1 Filed: 01/12/01 Page 18 of 48 PageID #:18

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Seller:

National Petroleum, Inc.

Dr. York Day of The

Retailer:

NEP Operating, LLC

By:
National Energy Properties, ILC, Managing Member

Its: Managing Member

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EXHIBIT A

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	2028	906 Main Street		Madison		WI		
	033	825 N. Stevens	<u>'</u>	Waterlown				
	035	705 Lawe Street		Rhinelande		_	W	
	7 2044 1616 Qurand Avant		ile.	Kaukauna Racine		 _	W	
	147	1739 Main Blvd,	1739 Main Rhed			W		
	188	314 W. Main Street		Graen Bay		WI		
77.17		154 N. 4th Avenue			Oñ_	_	M	
11 20	76	856 N. Main Street		Sturgeon	Bay	V	Vi_	
12 21	23	245 N. Main Street		Richland			VI	
13 40	21	2411 8th Street Sout		Fort Alkins		<u> </u>	1	
14 409	36	803 Sperior Street	<u>-</u>	WI Repla	8	W	7	
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16 416		404 N. Parker Drive	<u>.</u>	Janesville	3	W		
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19 423		211 Bth Street South	- -	Rpds	\Box	W	-	
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21 7063		640 Chicago Avenue	<u> </u>	Niles		M	٦	
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EXHIBIT A

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43	7548		DeKalb	
44		2201 W. Broadway	Mt. Vernon	
45		120 W. First St.	Gibson City	16
		771 Walnut Ave.	Elgin	
46		772 Rt 47	Huntley	
47	8314	119 S. Cicero Ave.		IL.
48	8325	8100 S. Ashland Ave	Chicago	
49	8330	711 C Udar Tari	Chicago	
É0	7780	711 S. Halsted St.	Chic. Hights	IL ·
51		11006 Silvar Springs	Milwaukee	W
- 1	8381	1701 Phila Rd	· Urbana	
62	5111	702 W Lincoln		<u> </u>
53	5188	3101 S. Chaiham	Charleston	!L
54	7023		Springfield	
-		RR #7 Baltimore	Wilmington	IL

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EXHIBIT B—MINIMUM QUANTITIES OF PRODUCTS 27,600,000 gallons annually - Marathon Brandod Product

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EXHIBIT C-CURRENT PRICING OF PRODUCTS

DTN Cost plus 50.02

EXHIBIT B

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OPERATING AGREEMENT

Operating agreement made at of October 2000, between Petrol Proporties, LLC, a Wisconsin limited liability company with principal office at Kenosha, Wisconsin ("Petrol") and NEP Operating LLC with principal offices at 22 S. Washington Ave. in Park Ridge, Illinois ("Operator").

Recitals

- 1. Petrol is the owner of the real property and improvements thereon described in the attached Exhibit A imagrocrated by reference ("the premises").
- 2. Operator desires to operate the premises as gasoline stations with related products and services on the terms of this agreement.

In consideration of the mutual covenants and promises contained in this agreement, the parties agree as follows:

1. Operation of Ogsoline Station on Premises. Petrol agrees to retain Operator to operate gasoline stations on the premises, and Operator agrees to operate gasoline stations on the promises, for the term stated in the attached Exhibit B incorporated by reference. The term will commence on the date which Operator secures all governmental approvals, licenses and permits necessary for the operation of the premises as a gapline station. Petrol agrees to copperate with Operator in securing such governmental approvals, licenses and permits. Operator agrees to exercise Operator's best afforts to secure all such governmental

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approvals at the earliest possible date. Nothing contained in this agreement shall be construed to make or constitute Operator a tenant of or owner of the premises.

- 2. Operator's Fac to be Paid to Petrol. Operator shall pay Petrol fees for the operation of the premises in such amounts and at such times as provided in the attached Exhibit C incorporated by reference. All such fees shall not be subject to deduction or offset by Operator and shall be due regardless of any claim which Operator may have, or claim to have, against Petrol.
 - 3. Compliance with Applicable Laws. Operator shall timely fully comply with all governmental laws, regulations, ordinances and orders applicable to the premises and the operation of the premises as a gasoline station. Without limiting the foregoing, Operator shall comply with all environmental laws, regulations, ordinances and orders applicable to the premises and the operation of the premises as a gasoline station.
 - 4. <u>Utilities</u>. Operator shall timely pay for all telephone, electrical, gas, sewer and water utilities used on the premises. Operator shall also pay for all wire and other technological renovations to the premises in order to install and maintain any computer system used by Operator on the premises.
 - 5. Property Taxes. Petrol shall timely pay all real estate taxes and special assessments levied on the premises and all personal property taxes levied on equipment owned by Petrol and located at the premises. Operator shall timely pay all personal property taxes levied on Operator's equipment or other personal property used or kept on the premises.

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6. Insurance. Operator, at Operator's cost, shall knop the premises insured against loss or damage by fire, with standard extended coverage, in an amount determined by the Petrol, Operator, at Operator's cost, shall provide all fire and extended coverage insurance on the equipment, inventory, and other personal property that Operator keeps or stores on the premises.

Insurance against liability for bodily injury in the amount of at least \$500,000 for each person and \$1,000,000 for each occurrence, and property damage in the amount of at least \$500,000 shall be provided by Operator at Operator's cost. That liability insurance shall name Petrol as an additional insured and shall protect both Petrol and Operator from all claims for personal injury, including death, and property damage, whether the claims are under worker's compensation or otherwise, which may arise from operations under this lease.

- 7. Use of Premises. Operator shall use the premises for the operation of gesoline stations with sales of related products and convenience store products and services. Operator shall not allow any wasto or nuisance on the premises, or use or allow the premises to be used for any unlawful purpose. Operator shall keep the premises free from refuse.
- 8. Operation of Business Employees of Operator. Operator shall be solely responsible for the operation of the gasoline and related uses businesses on the premises. Without limiting the foregoing, Operator shall: (a) be solely responsible for all employees hired by Operator to conduct the business on the premises; (b) fully comply with all supply agreements; equipment leases, and

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other agreements entered into by Operator in conducting business on the premises; and (c) be solely responsible for all sales, use, petroleum and other taxes arising from Operator's conduct of the business on the premises. Operator shall maintain adequate inventories of gasoline and other products generally sold on the premises, except for temporary shortages of inventory not caused by the act of neglect of Operator and shall keep the promises open for business during hours customerily maintained for gasoling stations of this type.

9. Special Provisions Applicable to Agreement. The parties agree that the special terms and provisions set forth in Exhibit D attached and incorporated by reference shall be a part of this operating agreement,

10. Repairs: Maintenance, Operator shall make all structural and mechanical repairs to keep the premises in good repair during the term of this lease, including repairs to the roof, walls, foundation, mechanical systems, heating, air conditioning and clocking ayatems on the premises serving the premises. Operator, at Operator's cost, shall keep the premises in a good state of repair, ordinary wear and tear excepted. Operator shall be responsible for the replacement of any broken glass windows or doors on the premises. All repairs shall be made in a workmanlike manner and in compliance with all applicable governmental codes and ordinances; Operator, at Operator's cost, shall timely remove all snow, ice and debris or other hazards from the parking areas, walkways, and other areas of the premises to which Operator's employees, customers and other invitees will have access.

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- 11. Non-Lightlity of Petrol for Damages. Potrol shall not be liable for liability or damage claims for injury to persons or promises from any cause relating to the occupancy of the premises by Operator during the term of this operating agreement or any extension of this agreement. Operator shall indemnify and hold Petrol harmless from all liability, loss or other damage claims, judgments or obligations resulting from any injuries or losses of this nature.
- 12. Atterations and Additions. Operator shall not make any alteration, improvements, or additions to the premises without the prior written consent of Petrol. In the event Petrol shall give consent to any such alteration, improvement or addition to the premises, Operator shall promptly pay for any such approved alterations, improvements, or additions and the same shall remain as part of the premises upon expiration or termination of this operating agreement. Operator shall promptly pay all contractors and suppliers who furnish labor or materials for such approved alterations and additions and shall not permit any liens to be placed upon the premises by reason of any such alterations and additions.
- 13. <u>Assignment.</u> Operator shall not assign, lease or sublesse the premises, voluntarily or by operation of law, or grant to any other person or entity the right to occupy or operate a business on the premises, without the prior express prior written consent of Petrol.
- 14. <u>Destruction of Premises.</u> If the premises shall, without fault of Operator, be destroyed by fire or other casualty or be so damaged thereby in excess of 5% of the value of the premises (as determined in good faith by Fetrol).

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Petrol may, by written notice delivered to Operator within thirty (30) days after destruction or loss, elect to rebuild or topair. In such event, this agreement shall remain in force, and Petrol shall repair or rebuild the premises within a reasonable time after adjustment of the loss by insurer, putting the premises in as good condition as it was at the time immediately prior to the damage or loss. For that purpose, Petrol may enter the premises and the fees due under this agreement shall abata proportionately to Operator's that of use of the premises. If Potrol falls to make that election within thirty (30) days of the date of loss or damage, this operating agreement shall terminate and Operator shall deliver possession of the premises to Petrol and Operator's obligation to pay fees shall sease effective the date of delivery of possession to Patipl. If the premises shall, without fault of Operator, he destroyed by fire or other onsualty or he so damaged thereby in an amount equal to or less than 5% of the value of the premises (as determined in good faith by Petrol), this agreement shall not terminate and Petrol shall repair or rebuild the premises within a reasonable time after adjustment of the loss by insurer, putting the promises in as good condition as it was at the time immediately prior to the damage or loss, and the fees due under this agreement shall abate only proportionate to Operator's loss of use of the premises.

- 15. <u>Default.</u> Each of the following events shall constitute the default or breach of this agreement by Operator:
- (A) If Operator shall fail to pay Petrol any fees when it shall be due under the terms of this agreement.

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- (B) If Operator shall fail to maintain the insurance required under this lease.
- (C) If Operator shall fail to perform or comply with any of the conditions of this agreement, and if the non-performance shall continue for a period of fifteen (15) days after notice thereof by Petrol to Operator, or if performance cannot reasonably be had within the fifteen (15) day period, Operator shall not in good faith have commenced performance within the fifteen (15) day period and shall not diligently proceed to completion of performance.
- (15) or more days.

The waiver by Petrol of one occurrence of a default by Operator shall not be deemed to be a waiver of any subsequent event of default by Operator.

- 16. Removal upon Termination of Operating Agreement. Upon expiration of the term of the operating agreement or upon termination of this operating agreement, Operator shall promptly remove from the premises and deliver possession to Petrol. Such removal shall include all equipment, inventory and other personal property of Operator, its officers, employees, or agents. Any personal property of Operator left on the premises may be sold, scrapped or otherwise disposed of at Petrol's sole discretion.
- 17. Rights of Petrol Cumulative. All rights granted to Petrol under applicable law shall be available to Petrol and shall be deemed cumulative and not exclusive. In the event of default, Petrol may pursue one or more legal or equitable remedies available to Petrol under law.

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18. Notices. Any notices to be given under this operating agreement shell be in writing to the following addresses, or such addresses as the parties shall in the future designate by written notice:

Petrol Properties, LLC 6621-39TH Ave. Kenosha, WI 53142 Attn: Dr. Yogi Hhardwaj

NEP Operating LLC C/O National Energy Properties, LLC 22 S. Weshington Avo. Park Ridge, IL 60068 Attn: Charles Everhardt

A notice shall be deemed given when personally delivered, sent by next day express delivery, or deposited in the U.S. Mail by certified mail, return receipt requested.

- 19. <u>Subordination</u> Operator acknowledges and agrees that this operating agreement shall be subordinate to any mortgage or security interest presently existing on, or which Petrol may in the future cause to be placed on, the premises. Upon request by Petrol or Petrol's mortgages, Operator shall execute and deliver such estopped certificate as that mortgages or security interest holder shall require from time to time.
- 20. <u>Severability</u>. If any provision of this agreement is held to be illegal, invalid or unenforceable, such provision(s) shall be severed and all the remaining provisions of this agreement shall not be affected thereby and shall remain in full force and effect.

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21. Relationship of Parties. Nothing contained in this agreement shall be construed to create a partnership or joint venture between the parties, or to make either party the agent, partner, joint venturer, franchisee, or employee of the other party, nor responsible for the debts, obligations or losses of the other party. It is the intent of the parties that they be and remain during the term of this agreement independent contractors.

22. Total Agragment: Applicable to Successors. This lesse contains the entire agreement of the parties and remot be changed or terminated except by written instrument subsequently signed by the parties. This operating agreement and the terms and conditions hereof apply to and are binding on the legal representatives, successors and assignment of both parties, except this paragraph shall not be construed to permit an assignment of this agreement in violation of paragraph of this operating agreement.

23. Applicable Law. This agreement shall be governed by, and construed in accordance with, the laws of the State of Wisconsin.

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- IN WITNESS WHEREOF, the parties have ensemted this operating agreement, as of the day and year fifty above written, by their duly authorized officers, pertners, or members.

Petrol Proparties, LLC

Operator:

EXHIBIT C

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SUBLEASE AND OPERATING AGREEMENT

Operating agreement and Sublease made as of October 31, 2000 (the "Effective Date"), between PETROL PROPERTIES, LLC, a Wisconsin limited liability company with principal office at 6621 - 39th Avenue, Kenosha, Wisconsin ("Petrol" or "Sublessor") and NEP OPERATING, LLC, with principal office at 8700 West Bryn Mawr Avenue, Suite 800 South, Chicago, Illinois, 60631 ("Operator" or "Sublessee").

Recitals

- Petrol is the Lessee of the real property and improvements thereon described in the attached Exhibit A incorporated by reference ("the premises").
- 2. Operator desires to sublease and to operate the premises as a gasoline station with related products and services on the terms of this agreement ("Sublease").

In consideration of the mutual covenants and promises contained in this agreement, the parties agree as follows:

Operation of Gasoline Station on Premises. Petrol agrees to retain
Operator to operate a gasoline station on the premises, and Operator agrees to operate a
gasoline station on the premises, for the term stated in the attached Exhibit B
incorporated by reference. The term will commence on October 31, 2000. Operator
agrees to secure all governmental approvals, licenses and permits necessary for the
operation of the premises as a gasoline station. Petrol agrees to cooperate with Operator
in securing such governmental approvals, licenses and permits. Operator agrees to
exercise Operator's best efforts to secure all such governmental approvals at the earliest
possible date. Nothing contained in this agreement shall be construed to make or
constitute Operator an owner or lessee of the premises.

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- 2. Sublease. This Sublease is subject to the terms and conditions of the lease between Petroleum Realty IV, LLC ("Owner") and Petrol dated October 31, 2000 ("Master Lease"). The terms and conditions of the Master Lease are incorporated herein by reference. In the event of default by Petrol under the Master Lease, Owner shall be entitled to terminate this Sublease. If there are any conflicting provisions between the Master Lease and this Sublease, the Master Lease shall provail
- 3. Fee to be Paid to Petrol. Operator shall pay Petrol fees for the subleasing of the premises and the operation of the premises in such amounts and at such times as provided in the attached Exhibit C incorporated by reference ("Real Property"). All such fees shall not be subject to deduction or offset by Operator and shall be due regardless of any claim which Operator may have, or claim to have, against Petrol.
- 4. <u>Inventory.</u> Operator shall purchase the existing inventory on the Premises on the terms provided in Exhibit D.
- 5. Compliance with Applicable Laws. Operator shall timely fully comply with all governmental laws, regulations, ordinances and orders applicable to the premises and the operation of the premises as a gasoline station. Without limiting the foregoing, Operator shall comply with all environmental laws, regulations, ordinances and orders applicable to the premises and the operation of the premises as a gasoline station.
- 6. <u>Utilities.</u> Operator shall timely pay for all telephone, electrical, gas, sewer and water utilities used on the premises. Operator shall also pay for all wire and other technological renovations to the premises in order to install and maintain any computer system used by Operator on the premises.

- 7. Property Taxes. Operator shall timely pay all real estate taxes and special assessments levied on the premises and all personal property taxes levied on equipment or other personal property used or kept on the premises.
- 8. <u>Insurance.</u> Operator at Operator's cost, shall keep the premises insured against loss or damage by fire, with standard extended coverage, in an amount determined by the Petrol. Operator, at Operator's cost, shall provide all fire and extended coverage insurance on the equipment, inventory, and other personal property that Operator keeps or stores on the premises.

Insurance against liability for bodily injury in the amount of at least \$500,000 for each person and \$1,000,000 for each occurrence, and property damage in the amount of at least \$500,000 shall be provided by Operator at Operator's cost. That liability insurance shall name Petrol, Owner, and Lehman Commercial Paper Inc. ("Mortgagee") as additional insured and shall protect Petrol, Owner, Mortgagee and Operator from all claims for personal injury, including death, and property damage, whether the claims are under worker's compensation or otherwise, which may arise from operations under this lease.

- 9. Use of Premises. Operator shall use the premises for the operation of a gasoline station with sales of related products and convenience store products and services. Operator shall not allow any waste or nuisance on the premises, or use or allow the premises to be used for any unlawful purpose. Operator shall keep the premises free from refuse.
- 10. Operation of Business; Employees of Operator. Operator shall be solely responsible for the operation of the gasoline and related uses business on the

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premises. Without limiting the foregoing, Operator shall: (a) be solely responsible for all employees hired by Operator to conduct the business on the premises; (b) fully comply with all supply agreements, equipment leases, and other agreements entered into by Operator in conducting business on the premises; and (c) be solely responsible for all sales, use, petroleum and other taxes arising from Operator's conduct of the business on the premises. Operator shall maintain adequate inventories of gasoline and other products generally sold on the premises, except for temporary shortages of inventory not caused by the act or neglect of Operator and shall keep the premises open for business during hours customarily maintained for gasoline stations of this type.

- Special Provisions Applicable to Agreement. The parties agree that the special terms and provisions set forth in Exhibit E attached and incorporated by reference shall be a part of this operating agreement.
- mechanical repairs to keep the premises in good repair during the term of this lease, including repairs to the roof, walls, foundation, mechanical systems, heating, air conditioning and electrical systems on the premises serving the premises. Operator, at Operator's cost, shall keep the premises in a good state of repair, ordinary wear and tear excepted. Operator shall be responsible for the replacement of any broken glass windows or doors on the premises. All repairs shall be made in a workmanlike manner and in compliance with all applicable governmental codes and ordinances. Operator, at Operator's cost, shall timely remove all snow, ice and debris or other hazards from the parking areas, walkways, and other areas of the premises to which Operator's employees, oustomers and other invitees will have access.

- 13. Non-Liability of Petrol for Damages. Petrol shall not be liable for liability or damage claims for injury to persons or promises from any cause relating to the occupancy of the premises by Operator during the term of this operating agreement or any extension of this agreement. Operator shall indemnify and hold Petrol harmless from all liability, loss or other damage claims, judgments or obligations resulting from any injuries or losses of this nature.
- Alterations and Additions. Operator shall not make any alteration, improvements, or additions to the premises without the prior written consent of Petrol. In the event Petrol shall give consent to any such alteration, improvement or addition to the premises, Operator shall promptly pay for any such approved alterations, improvements, or additions and the same shall remain as part of the premises upon expiration or termination of this operating agreement. Operator shall promptly pay all contractors and suppliers who furnish labor or materials for such approved alterations and additions and shall not permit any liens to be placed upon the premises by reason of any such alterations and additions.
- 15. Assignment. Operator shall not assign, lease or sublease the premises, voluntarily or by operation of law, or grant to any other person or entity the right to occupy or operate a business on the premises, without the prior express prior written consent of Petrol.
- Destruction of Premises. If the premises shall, without fault of Operator, be destroyed by fire or other casualty or be so damaged thereby in excess of 5% of the value of the premises (as determined in good faith by Petrol), Petrol may, by written notice delivered to Operator within thirty (10) days after destruction or loss, elect to

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premises.

rebuild or repair. In such event, this agreement shall remain in force, and Petrol shall repair or rebuild the premises within a reasonable time after adjustment of the loss by insurer, putting the premises in as good condition as it was at the time immediately prior to the damage or loss. For that purpose, Petrol may enter the premises and the fees due under this agreement shall abate proportionately to Operator's loss of use of the premises. If Perrol fails to make that election within thirty (30) days of the date of loss or damage, this operating agreement shall terminate and Operator shall deliver possession of the premises to Petrol and Operator's obligation to pay fees shall cease effective the date of delivery of possession to Petrol. If the premises shall, without fault of Operator, be destroyed by fire or other casualty or be so damaged thereby in an amount equal to or less than 5% of the value of the premises (as determined in good faith by Petrol), this agreement shall not terminate and Petrol shall repair or rebuild the premises within a reasonable time after adjustment of the loss by insurer, putting the premises in as good condition as it was at the time immediately prior to the damage or loss, and the fees due under this agreement shall abate only proportionate to Operator's loss of use of the

- 17. <u>Default.</u> Each of the following events shall constitute the default or breach of this agreement by Operator:
- (A) If Operator shall fail to pay Petrol any fees when it shall be due under the terms of this Sublease.
- (B) If Operator shall fail to maintain the insurance required under this Sublease.

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- (C) If Operator shall fail to perform or comply with any of the conditions of this agreement, and if the non-performance shall continue for a period of fifteen (15) days after notice thereof by Petrol to Operator, or if performance cannot reasonably be had within the fifteen (15) day period, Operator shall not in good faith have commenced performance within the fifteen (15) day period and shall not diligantly proceed to completion of performance.
- (D) If Operator shall vacate or abandon the premises for a period of fifteen (15) or more days,

The waiver by Petrol of one occurrence of a default by Operator shall not be deemed to be a waiver of any subsequent event of default by Operator.

- 18. Removal upon Termination of Agreement. Upon expiration of the term of the agreement or upon termination of this agreement, Operator shall promptly remove from the premises and deliver possession to Petrol. Such removal shall include all aquipment, inventory and other personal property of Operator, its officers, employees, or agents. Any personal property of Operator left on the premises may be sold, scrapped or otherwise disposed of at Petrol's sole discretion.
- 19. Rights of Petrol Cumulative. All rights granted to Petrol under applicable law shall be available to Petrol and shall be deemed cumulative and not exclusive. In the event of default, Petrol may pursue one or more legal or equitable temedies available to Petrol under law.
- Notices. Any notices to be given under this operating agreement shall be in writing to the following addresses, or such addresses as the parties shall in the future designate by written notice:

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NO.887 18/74P.9/23

Petrol Properties, LLC 6621 - 39TH Ave. Kenosha, WI 53142

NEP Operating, LLC 8700 West Bryn Mawr Avenue Suite 800 South Chicago, Illinois 60631 ATTN: Charles Eberhardt

A notice shall be deemed given when personally delivered, sent by next day express delivery, or deposited in the U.S. Mail by certified mail, return receipt requested.

- 21. <u>Subordination</u>. Operator acknowledges and agrees that this operating agreement shall be subordinate to any mortgage or security interest presently existing on, or which Petrol may in the future cause to be placed on, the premises. Upon request by Petrol or Petrol's mortgages, Operator shall execute and deliver such estoppel certificate as that mortgages or security interest holder shall require from time to time.
- 23. Severability. If any provision of this agreement is held to be illegal, invalid or unenforceable, such provision(s) shall be severed and all the remaining provisions of this agreement shall not be affected thereby and shall remain in full force and effect.
- 24. Relationship of Parties. Nothing contained in this agreement shall be construed to create a partnership or joint venture between the parties, or to make either party the agent, partner, joint venturer, franchisee, or employee of the other party, nor responsible for the debts, obligations or losses of the other party. It is the intent of the parties that they be and remain during the term of this agreement independent contractors.
- 25. Total Agreement; Applicable to Successors. This Sublease contains the entire agreement of the parties and cannot be changed or terminated except by written

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instrument subsequently signed by the parties. This agreement and the terms and conditions hereof apply to and are binding on the legal representatives, successors and assigns of both parties, except this paragraph shall not be construed to permit an assignment of this agreement in violation of paragraph of this agreement.

26. Applicable Law. This agreement shall be governed by, and construed in accordance with, the laws of the State of Wisconsin.

IN WITNESS WHEREOF, the parties have executed this operating agreement, as of the day and year first above written, by their duly authorized officers, partners, or members.

Case: 1:01-cv-00272 Document #: 1 Filed _NO.887, /2 P.11/23 JAM. 12. 2001; 11: 25AM; 1 מכישורה אמפיחא אביצי פוכאובה P. 11/17 SUBLESSOR: PETROL PROFERTIES, LLC, 8 Wisconsin limited liability company Name: Dr. Kogî Bhardwaj Title: Managing Member STATE OF WIJCOPUM COUNTY OF KENIJIA On the 31rday of 1 Ab. 2000, before me, the subscriber, a Notary Public in and for the State and County aforesaid parsonally appeared Dr. Yogi Bhardwaj who acknowledged himself to be the Managing Member of Petrol Properties, LLC, a Wisconsin limited liability company, and that he, being authorized to do so, executed the with the purposes therein contained by signing the name of the SUBLESSEE: FINDE WASCOMINI my PUBLIC WI NEP OPERATING, LLC, an Illinois limited MY COMMILLIAN 18 PERMANON. liability company Witness: Print Name: Tille: Man Monson Wintess: Print Name: STATE OF __

in and for the State and County aforesaid, personally eppeared Charles Gextures who acknowledged himself to be the handle more of NEP Operating, LLC. an Illinois limited liability company, and that he, being authorized to do so, executed the foregoing

On the 35 day of Etaler. , 2009, before me, the subscriber, a Notary Public

COUNTY OF CLARE

Case: 1:01-cv-00272 Document #: 1 Filed: 01/12/01 Page-45-of 48 PageID #:45

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instrument for the patroses therein contained by signing the name of the corporation by

WIINESS may hand and seal the day and year afracant.

NOTARY PUBLIC

OFFICIAL SEAL
Marjork B. Boyle
Netry Public, Suits of Illinois
Cook County
My Commission Expires 09/29/01

44 24° 34

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EXHIBIT A + LOCATIONS

Station No. 2003 226 N. Richmond Street Appleton, Wisconsin

Station No. 2014 1130 Williamson Street Madison, Wisconsin 53703

Station No. 2044 1616 Durand Avenue Racine, Wisconsin 53403

Station No. 2123 245 N. Main Street Fort Atkinson, Wisconsin 53536

Station No. 4091 2411 8th Street South Wisconsin Rapids, Wisconsin 54494

Station No. 4155 404 N. Parker Drive Janesville, Wisconsin 53545

Station No. 4169 907 20th Avenue Monroe, Wisconsin 53566

Station No. 4233 1616 Maria Drive Stevens Point, Wisconsin 54481 JS 44 (Rev. 3/99)

CIVIL COVER SHEET

over sheet and the information contained herein neithersplace nor supplement the filing and service of pleadings or other papers as required by law, except

as provided by localityles of o	ourt. This form, approved by civil docket sheet. (SEE INS	the Judicial	Conference of	VERSE OF THE	E FORM.)	38.		
1.(a) PLAINTIFFS				DEFENDANTS National Petroleum Inc., and Petrol Properties, LLC				
NEP Operation	ng LLC	12		Nationa Petrol	l Petrol Properti	eum Inc., and es, LLC	Out of State	
(b) COUNTY OF RESIDER (EXCEP	NCE OF FIRST LISTED PLAINTI T IN U.S. PLAINTIFF CASE	FF <u>Cook</u> S)			ESIDENCE OF F (IN U.S. AND CONDEMN AND INV	IRST LISTED DEFENDANT PLAINTIFF CASES ONL ATTAIN CASES, USE THE LO		
(c) ATTORNEYS (FIRM N. Arthur F. R.	AME, ADDRESS, AND TELEPH	ONE NUMBER)	Tarania 📆	ATTORNE				
Richard E.				ı	JUDGE	CONLON 🧐		
Dykema Goss	ett PLLC						10 Pm	
55 E. Monro	e, Suite 3050, (Chicago,	IL 6060	3		**************************************	Filmon Car	
II. BASIS OF JURIS	DICTION (PLACE AN 'X' IN ON		III. CITIZE (For Diver	ENSHIP OF sity Cases Only)		TRAFFEEUDGE VE SOAT BROW	NONE BOX FOR PLAINTIFF AND	
□ 1 U.S. Government Plaintiff		ent Not a	Citizen of	PTF DEF f This State D 1 D 1 Incorporated or Principal Place of Business In This State				
□ 2 U.S. Government Defendant	☐ 4 Diversity (Indicate Citizer Parties in Item	nship of		Another State	□2 □2	Incorporated and Princ of Business in Anoth	ner State	
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☐ 110 Insurance ☐ 120 Marine ☐ 130 Miller Act	PERSONAL INJURY ☐ 310 Airplane ☐ 315 Airplane Product	PERSONAL INJURY 362 Personal Injury - Med. Malpractice		☐ 610 Agriculture ☐ 620 Other Food & Drug ☐ 625 Drug Related Seizure of Property 21 USC 881		☐ 422 Appeal 28 USC 158 ☐ 423 Withdrawal 28 USC 157	☐ 400 State Reapportionment ☐ 410 Antitrust ☐ 430 Banks and Banking	
☐ 140 Negotiable Instrument ☐ 150 Recovery of Overpay-	Liability 320 Assault, Libel &	☐ 365 Personal		of Property 21 USC 881 □ 630 Liquor Laws □ 640 R.R. & Truck □ 650 Airline Regs. □ 660 Occupational Safety/ Health □ 690 Other		PROPERTY RIGHTS	☐ 450 Commerce/ICC Rates/etc.	
ment & Enforcement of Judgment D 151 Medicare Act	Slander □ 330 Federal Employers' Liability □ 340 Marine	Product 368 Asbestos Injury Pr PERSONAL	Personal roduct Liability			☐ 820 Copyrights ☐ 830 Patent ☐ 840 Trademark	☐ 460 Deportation ☐ 470 Racketeer Influenced and Corrupt Organizations ☐ 810 Selective Service	
☐ 152 Recovery of De- faulted Student Loans (Excl.	☐ 345 Marine Product Liability	☐ 370 Other Fra				SOCIAL SECURITY	■ 850 Securities/Com modifies/Exchange	
Veterans) □ 153 Recovery of Over- payment of Veteran's Benefits	☐ 350 Motor Vehicle ☐ 355 Motor Vehicle	☐ 380 Other Per Property	rsonal y Damage	☐ 710 Fair Labor		☐ 861 HfA (1395ff) ☐ 862 Black Lung (923)	☐ 875 Customer Challenge 12 USC 3410 ☐ 891 Agricultural Acts	
☐ 160 Stockholders' Suits ☐ 190 Other Contract ☐ 195 Contract Product	Product Liability ☐ 360 Other Personal Injury	□ 385 Property Damage Product Liability		☐ 720 Labor/Mgmt, Relations ☐ 730 Labor/Mgmt, Reporting & Disclosure Act		□ 863 DIWC/DIWW (405(g)) □ 864 SSID Title XVI □ 865 RSI (405(g))	☐ 892 Economic Stabilization Act ☐ 893 Environmental Matters ☐ 894 Energy Allocation	
REAL PROPERTY	CIVIL RIGHTS	PRIS	ONER	☐ 740 Railway L		FEDERAL TAX SUITS	Act D 895 Freedom of Information Act	
☐ 210 Land Condemnation ☐ 220 Foreclosure	☐ 441 Voting ☐ 442 Employment	D 510 Motions Sentence HABEAS	s to Vacate	☐ 790 Other Labor Litigation ☐ 791 Empl. Ret. Inc. Security Act		☐ 870 Taxes (U.S. Plaintiff or Defendant)	© 900 Appeal of Fee Determination Under Equal Access to	
☐ 230 Rent Lease & Ejectment ☐ 240 Torts to Land ☐ 245 Tort Product Liability ☐ 290 All Other Real Property	☐ 443 Housing/ Accommodations ☐ 444 Welfare ☐ 440 Other Civil Rights	☐ 530 General ☐ 535 Death Penalty ☐ 540 Mandamus & Other ☐ 550 Civil Rights ☐ 555 Prison Condition				☐ 871 IRS - Third Party 26 USC 7609	Justice □ 950 Constitutionality of State Statutes X 890 Other Statutory Actions	
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Wrongful t	ermination under	r Petrol	Leum M.P	.A., 15 U	.S.C. Se	ction 2801 et.	seq.	
VII. REQUESTED IN CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23				DEMAND \$	•	CHECK YES only if de	manded in complaint YES □ NO	
VIII. RELATED CASE(S) (See instructions): IF ANY DOCKET NUMBER								
DATE SIGNATURE OF ATTORNEY OF RECORD								
January 12, 2001								
January 12	. 2 400 4		<i></i>			 		

UNITED STATES DISTRIC ∠OURT NORTHERN DISTRICT OF ILLINOIS

In the Matter of

NEP Operating LLC
Plaintiff,

v.
National Petroleum Inc., and
Petrol Properties, LLC
Defendants.

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ILED-ED4
IN 12 PH IS 37
S. DISTRICT COURT

APPEARANCES ARE HEREBY FILED BY THE UNDERSIGNED AS ATTORNEY(S) FOR:

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, (A)				GERALDINE SOAT BROWN					
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NAME Arthur F. Radke				NAME Richard E. Gottlieb					
FIRM Dykema Gossett				FIRM Dykema Gossett					
STREET ADDRESS 55 East Monroe Street, Suite 3050				STREET ADDRESS 55 East Monroe Street, Suite 3050					
CITY/STATE/ZIP Chicago, IL 60603				CITY/STATE/ZIP Chicago, IL 60603					
TELEPHONE NUMBER (312) 551-4900	·			TELEPHONE NUMBER (312) 551-4936					
IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE) 3125515				IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE) 6209165					
MEMBER OF TRIAL BAR?	YES	⊠ ^{NO}		MEMBER OF TRIAL BAR?	YES	×	NO		
TRIAL ATTORNEY?	YES	⊠ NO		TRIAL ATTORNEY?	YES		NO	Ø	
				DESIGNATED AS LOCAL COUNSEL?	YES		NO	×	
(C)	(C)				(D)				
SIGNATURE				SIGNATURE	,		·		
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IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)				IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)					
MEMBER OF TRIAL BAR?	YES	□ №		MEMBER OF TRIAL BAR?	YES		NO		
TRIAL ATTORNEY?	YES	□ NO		TRIAL ATTORNEY?	YES		NO		
DESIGNATED AS LOCAL COUNSEL?	YES	□ NO		DESIGNATED AS LOCAL COUNSEL?	YES		<u>~</u> 2) 🗆	